

EXECUTIVE SUMMARY SECTION

Aqua has a long history of technically and financially managing, operating and maintaining system(s), while efficiently providing clean, safe and adequate water and wastewater service within thirty (30) counties throughout Pennsylvania, including Lehigh and neighboring Montgomery, Carbon, Berks, Bucks, Northampton and Schuylkill Counties. Aqua's team structure includes several hundred water and wastewater professionals in various disciplines that elevate the level of competency to provide sufficient assurances that technical and financial obligations will be met over the life of the term of the Concession Agreement (or other acceptable arrangement) while meeting or exceeding the goals and objectives outlined in the RFQ relating to the employees and customers. Aqua's technical capability of its Team Members include, but may not be limited to, proficiency and expertise in **i)** operation and maintenance of water and sewer systems; **ii)** customer service improvements and enhancements; **iii)** customer and employee safety, security and environmental responsibilities; **iv)** the ability to execute an efficient, timely and seamless transitional plan for transactions it is a party to; **v)** the capability to plan and implement required capital planning relating to water and sewer systems; and **vi)** the experience and ability through its knowledge of technologies to offer a number of system enhancements to meet regulatory requirements in an ever changing environmental climate. Aqua is a financially stable company with over 125 years of experience and environmental expertise in owning, operating, and maintaining system(s) similar to that owned by Allentown.

With the above in mind, Aqua believes, if selected as a "Qualified Prospective Proposer", it will bring **i)** financial value to the City of Allentown; **ii)** Stable employment opportunities to the employees; **iii)** financial strength and experience to address the capital needs of the system(s); **iv)** managerial, regulatory and operational experience to operate and manage the system(s) in compliance with all federal and state regulations and guidelines; and **v)** no immediate change in rates for the customers of the system(s).

PROPOSER INFORMATION SECTION

Description of Prospective Proposer: Aqua Pennsylvania, Inc. (“Aqua”), is a subsidiary of Aqua America, Inc., and shares corporate offices in Bryn Mawr, Pennsylvania. Aqua America, Inc. is one of the largest U.S.-based water and wastewater utilities serving almost 3 million people (or approximately 961,000 customer connections) in 9 states, including Pennsylvania. Aqua America, Inc. is listed on the New York Stock Exchange under the ticker symbol “WTR” and had greater than \$712,000,000 in total operating revenues in 2011.

Aqua traces its roots to the Springfield Water Company, which was founded in 1886 by Swarthmore College professors. Today Aqua employs over 644 people from various disciplines who support the operation of the water and wastewater systems noted below. Aside from its Corporate Offices and other installations, Aqua owns a number of Operations Facilities throughout Pennsylvania, including Shenango (Mercer County), Roaring Creek/Shamokin (Northumberland County), Honesdale (Wayne County), Sayre (Bradford County), Whitehaven (Luzerne County), West Chester (Chester County), Springfield (Delaware County) and Willow Grove (Montgomery County).

Aqua owns more than 105 community water systems (“CWSs”) and 25 community wastewater systems that collectively serve more than 1.4 million people (or greater than 430,000 customer accounts) throughout thirty (30) counties in Pennsylvania, including Lehigh and neighboring Berks, Bucks, Carbon, Montgomery, Northampton and Schuylkill Counties. These systems range in size serving less than 500 people to one of the Commonwealth’s largest fully-integrated, multiple-source water systems situated in southeastern Pennsylvania, serving a population of approximately 820,000. In 2011, Aqua invested greater than \$259 million to rehabilitate, upgrade and replace various components of its water systems alone, which included source, treatment, storage and distribution. Aqua America’s total Assets at the end of 2011 were greater than \$4.348 Billion.

Throughout its Pennsylvania water systems, Aqua owns and maintains 21 impoundments that hold more than 10 billion gallons of water and more than 100 treated-water storage facilities, with a combined storage capacity of 190 million gallons. Surface water sources include the Schuylkill, Delaware, Shenango and Allegheny Rivers; the Pickering, Perkiomen, Neshaminy, Crum, Ridley, Chester, Brandywine and Roaring Creeks and various tributary streams. Groundwater sources include approximately 225 wells and the Upper Merion Reservoir—a former quarry now impounding surface water in Montgomery County. Also, throughout these systems, Aqua owns approximately 5,510 miles of main of various sizes up to 42 inch. Aqua also owns 25 community wastewater systems of varying sizes and treatment technologies.

Working in the utility industry as a private investor-owned utility, Aqua has been exposed to the public sector both as an owner of CWSs in the communities in which the systems are situated, as well as successfully bidding (through other affiliated entities) on projects in the public sector for municipally owned CWSs and wastewater systems of varying sizes.

Roles of Team Members and Key Personnel: Aqua has provided a list of its Team Members in the Cover Page of this submission. These individuals are also Key Personnel within Aqua and its parent Aqua America, Inc., and will be supported by their respective staff through the due diligence process outlined in Allentown’s RFQ, as well as the subsequent ownership and operations of system(s) should Aqua ultimately enter into an agreement with Allentown. Aqua reserves the right, subject to the prior consent of Allentown, to supplement this and other related subparts to this Section of its RFQ submission so as to provide more specific information as may be requested by Allentown and its Technical Evaluation Committee throughout the RFQ and RFP Process.

Operator: Aqua would be the operator and employs, whether directly (as employees of Aqua or one of its subsidiaries or affiliated companies) or indirectly (as contractors) a number of licensed water and wastewater operators throughout the Commonwealth to maintain its more than 105 community water

and 25 community wastewater systems meet all federal and state regulatory compliance standards, while technically and financially managing, operating and maintaining these systems efficiently so as to provide clean, safe and adequate water and wastewater service to the end users whether as a customer or the environment. Aqua anticipates that should it ultimately enter into an Agreement with Allentown, that its employees will complement the current employees to ensure continuity in delivering safe, reliable service to those served by the systems. Aqua reserves the right, subject to the prior consent of Allentown, to supplement this and other related subparts to this Section of its RFQ submission so as to provide more specific information as may be requested by Allentown and its Technical Evaluation Committee throughout the RFQ and RFP Process.

Contact Person: Aqua's Contact Person throughout the RFQ and RFP process is as follows:

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Controlling Interest: Aqua is a Pennsylvania Corporation and a direct wholly owned subsidiary of Aqua America, Inc., and shares their corporate offices located in Bryn Mawr, Pennsylvania.

Expected Advisors: Aqua does not, at this time, believe that it will need to seek the counsel of advisors, but reserves the right, subject to the prior consent of Allentown, to supplement this and other related subparts to this Section of its RFQ submission, should advisors be retained to assist in the due diligence, negotiation, financing, and ultimately the management and operation of the system(s).

Comparable Projects: Aqua possesses the technical and financial capability to manage over 105 community water and 25 wastewater systems throughout the Commonwealth. Some of these systems are comparable to those owned by the City of Allentown. Additionally, through other Aqua America, Inc. affiliated companies, Aqua America owns and operates several hundred community water and wastewater systems throughout Ohio, Indiana, Illinois, Texas, Florida, North Carolina, Virginia and New Jersey. Aqua's management style will complement and be a good fit for the City of Allentown, as well as its customers and employees whether Aqua owns or operates the systems that the overall community of Allentown relies on to meet their daily needs.

References: Attached at **Addendum 5** are some testimonials. Aqua can provide more specific references to Allentown and its Technical Evaluation Committee to answer more specifically the interests and or questions of Allentown as it relates to Aqua's abilities and commitment to the communities in which Aqua serves. Aqua respectfully submits that it could also offer a plethora of references from the former owners and/or customers of some of the over 105 water and 25 wastewater systems that it has acquired over the years, as well as various governmental officials, State Representatives and Senators whose constituents are served by these systems, and additional references from employees hired as part of these acquisitions, plus representatives from the United States Environmental Protection Agency ("EPA"), Pennsylvania Department of Environmental Protection ("DEP"), and Pennsylvania Public Utility Commission ("PUC"), Engineering and other Water Utility Industry Professionals who have worked on or continue to work on the systems.

Aqua reserves the right, subject to the prior consent of Allentown, to supplement this Section of its RFQ submission so as to provide more specific information as may be requested by Allentown and its Technical Evaluation Committee throughout the RFQ and RFP Process.

TECHNICAL CAPABILITY SECTION

The following is a summary of Aqua’s operations and maintenance expertise, capital improvements and planning in the systems that it owns and operates; high standard and commitment to customer service; and commitment to safety and security, all of which would benefit Allentown and those that benefit from the use of the systems.

Process Design: Process design for water and wastewater facilities is provided and coordinated by Aqua’s Engineering and Compliance Management personnel. The resources available for this are described in the following “Engineering” section, as are the areas of proficiency Aqua can provide for its systems for the benefit of the customers and communities served.

Engineering: Aqua has a deep “bench” of engineering resources to support planning, design and construction management for renewal and upgrade of systems. Aqua has more than 50 engineering professionals at 10 office locations, including Pennsylvania. This staff includes all key disciplines for water and wastewater projects, and technical information and technology advances throughout Aqua and its affiliated companies. The following table summarizes Aqua’s areas of technical proficiencies:

WATER	WASTEWATER	ENVIRONMENTAL
Distribution Systems Storage Facilities Transmissions Treatment Plants Pump Stations Groundwater Development SCADA/Instrumentation Hydraulic Modeling Residuals Management Metering Funding Applications/Mgmt. Impoundments/Dams GIS/CPS	Collection System Interceptors Pump Stations Treatment Facilities Facility Plans Infiltration/Inflow Studies Hydraulic Modeling Residuals Management Pressure Sewers Drip Irrigation Funding Applications/Mgmt. SCADA/Instrumentation Activated Sludge Modeling	Compliance Management Water Quality Management Environmental Site Right-to-Know Reporting Waste Management Industrial Pre-Treatment Air Quality Management Wetlands Delineations Emergency Response Plans Environmental Mgmt. Database
DESIGN	ENERGY	CONSTRUCTION
Civil/Structural Mechanical Electrical Architectural Process “Green” Design	Energy Analysis Reports Fuel Contracts & Rates Alternative Energy Utility Rate Analysis Grant Applications Life Cycle Costing	Value Engineering Design/Build Construction Management Site Supervision/Oversight Cost Estimating Construction Scheduling

Aqua’s professional staff is active in industry associations, such as the American Water Works Association and the Water Environment Federation, at both the local and national levels. Aqua also utilizes industry standard technologies, such as CADD, GIS and WaterGEMS and SewerGEMS hydraulic models to support engineering planning and design efforts. This engineering team, supported by a wide range of national and regional engineering consultants, has performed and coordinated design and construction efforts for Aqua America’s \$331 million per year capital improvement program.

Compliance management is at the forefront of Aqua's priorities and is closely coordinated with our engineering activities. Compliance staff is typically located at offices with engineering personnel and closely track the compliance status of all Aqua water and wastewater facilities. Aqua's focus is on quickly identifying current and potential compliance needs and working with operational personnel to ensure ongoing compliance with permits and environmental regulations. Compliance status is reviewed regularly with Aqua's senior management and, if capital improvements are needed, Compliance personnel work closely with our engineering staff to plan, budget, design and construct the needed improvements.

Project Management: To ensure effective utilization of our project team's combined resources, Aqua will institute its proven management approach, which relies upon regular communication with operations personnel and, within its project team, monthly review of costs, weekly review of scheduled progress, and formalized QA/QC procedures to track progress and ensure achievement of project objectives. These processes are described in the following subsections.

Communications: Aqua's project managers use various communication methods to ensure cost effective and timely delivery of approved projects. These include, but may not be limited to, the following: 1) Providing monthly status reports keyed to the approved work plan. These reports describe progress, schedule status, cost status and any problems incurred or anticipated along with recommendations on how they should be resolved. 2) Providing problem identification reports as soon as such circumstances are known (typically by email). These reports describe each problem, its impact on projects, activities and tasks, alternatives to resolve each problem, the relative merits and drawbacks of each alternative, and recommendations are provided. 3) Aqua also has an experienced corporate and public relations staff who can handle any communications with the public.

Cost and Schedule Control: Our project management systems include a blend of protocols and standard operating procedures applied in conjunction with computer hardware and software that facilitate the compilation and the dissemination of information to support management decisions. The principal software systems that are applied in our projects are: 1) Project Control System – The corporate financial system that includes all aspects of cost accounting, invoicing, and reporting of labor and other direct costs associated with project activities. 2) Cost/Schedule Control – A critical path schedule that identifies cost and schedule issues in a consistent and standardized framework. 3) Deliverables Tracking – A system designed to ensure that the deliverable items associated with each project are identified, scheduled, and tracked in accordance with the overall project schedule. Aqua uses these systems to monitor the performance of its staff and subcontracted consultants.

Quality Assurance/Quality Control: Aqua's approach to quality is based upon identifying the important quality goals of each project, planning a project approach that incorporates those goals, defining a system to measure and evaluate performance to the goals, and documenting the performance. Because the procedure is simple and straightforward, it is also reliable and productive. Any quality deficiencies can be identified early, before their project impact is significant, and can be corrected.

Quality of technical effort and the deliverable product is managed in two parts. Checking, reviewing, editing and revising the work product according to an acceptable set of standards is quality control (QC). Quality assurance (QA) is the process of ascertaining the performance of QC activities and documenting that performance. QC activities are performed primarily by the project technical team; QA functions are performed by the project management team.

Construction Experience: Aqua America, Inc. oversees the construction of more than \$331 million per year of water and wastewater facilities in 9 states. The engineering resources noted above, along with our facility operations team, oversee all of this construction. The blend of engineering and operations

expertise that Aqua brings to these projects is unsurpassed in the water and wastewater industry. We have utilized both traditional and “leading edge” design/build technologies to meet “fast track” project delivery schedules and to deliver projects at lower costs than most municipal programs. The types of projects we have constructed are noted in the table in the “Engineering” section above.

Customer Service: Aqua America, Inc. provides high quality customer service to over 900,000 utility customers. Aqua processes over 900,000 utility bills and customer payments on a monthly basis, some of which are bills issued under managed contracts for organizations choosing not to have in house billing within their own organizations. Aqua America, Inc. and its subsidiaries are recognized by various regulatory agencies in the states in which it operates, as a good corporate citizen committed to achieving the highest standard of customer service and satisfaction. This level of customer service will be evident with the City of Allentown should Aqua be chosen to enter into the final agreement with the City of Allentown. Aqua is committed to a seamless transition with all of its partners (past and present) and will meet or exceed the City of Allentown’s and their customers’ expectations. Aqua addresses customers’ needs utilizing its award winning, modern customer service call center. Service is provided 24 hours a day. Aqua’s capable team of Field Service Representatives would complement the staff of the City of Allentown providing for a successful and seamless transition.

Safety & Security: Aqua America, Inc. has various safety and security professionals at its disposal (whether through direct employment or its various vendors) to ensure compliance with all federal and state workplace guidelines, as well as local, state and federal emergency management offices. Aqua reserves the right, subject to the prior consent of Allentown, to supplement this Section of its RFQ submission so as to provide more specific information as may be requested by Allentown and its Technical Evaluation Committee throughout the RFQ and RFP Process.

FINANCIAL CAPABILITY SECTION

On a consolidated basis, Aqua America, Inc. has over \$1.5 billion outstanding in long term debt as of 12/31/11, including over \$915 million at Aqua Pennsylvania, Inc. ("Aqua"). This debt has been issued on an unsecured as well as a secured basis in the form of private placements, first mortgage bonds, tax exempt debt and state revolving funds. Aqua has a Standard & Poor's corporate rating of "A+" and a secured long term debt rating of "AA-". Both Aqua and Aqua America, Inc. have short term credit facilities which are used for working capital and general corporate purposes, including acquisitions. Aqua believes that it possesses sufficient financial capacity to meet the needs of the City of Allentown's systems and those of its customers all of which could be accomplished with a combination of existing facilities, a new bridge facility, cash or the issuance of long term debt and/or raising equity.

Aqua America, Inc. and Aqua's insurance portfolio currently includes the following types of coverage from carriers rated A to AM Best: i) Casualty: General Liability, Automobile Liability, & Worker's Compensation/Employer's Liability; ii) Consultants Environmental Liability; iii) Pollution and Remediation Liability; iv) Consultants Environmental Liability; v) Employment Practices Liability; vi) Directors and Officers Liability; vii) Fiduciary Liability; viii) Crime; and ix) Property.

Three years of audited financial statements for both Aqua and Aqua America, Inc. are included in this SOQ at Addendum 1 and Addendum 2. A copy of the most recent rating agency report is attached at Addendum 3.

Aqua reserves the right, subject to the prior consent of Allentown, to supplement this Section of its RFQ submission so as to provide more specific information as may be requested by Allentown and its Technical Evaluation Committee throughout the RFQ and RFP Process.

CONFIDENTIALITY AND DATA ROOM USAGE AGREEMENT SECTION

Aqua believes that the form of the proposed agreement is sufficient and is willing to enter into same should it be identified as a Prospective Proposer.